

Compendium of Budget Information for the 2014 General Session

Business, Economic Development, and Labor Appropriations Subcommittee

Agency: Public Service Commission

Line Item: Universal Telecommunications Support Fund

Function

The fund is intended to subsidize eligible rural telephone exchange customers whose costs are much higher to operate than the state-wide average for providing local exchange and switched access service. The Fund also supports Lifeline Telecommunication Support funding to subsidize low income customers.

According to serving companies' data and statistics obtained by the Federal Communications Commission, the telephone subscription rate in rural Utah remains nearly equal to the Wasatch Front.

Statutory Authority

Public Service Commission (PSC) under UCA 54-8b-10 administers the Universal Public Telecommunications Service Support Fund (USF) to promote equitable cost recovery of basic telephone service and ensuring that customers have access to affordable basic telephone service.

Intent Language

Under Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Public Service Commission Universal Telecommunications Service Support Fund in Item 39, Chapter 10, Laws of Utah 2012, shall not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is to be used as described in Title 54-8b-15 Universal Public Telecommunications Service Support Fund.

Performance

Operations, customer service, and funding are the three main performance measures identified by PSC for this program.

Operations

The operation of the fund shall be nondiscriminatory and competitively and technologically neutral in the collection and distribution of funds, neither providing a competitive advantage for, nor imposing a competitive disadvantage upon, any telecommunications provider operating in the state.

Universal service fund disbursements are available to all certificated carriers that meet the programs guidelines. These can be found in the PSC's Administrative Rules: R746-360. PSC follows all applicable federal laws, state statutes and administrative rules as it administers this fund.

Customer Service

The goal is to respond to questions and concerns within a timely fashion. The state USF fund is used for on-going high cost support and one-time grants to help provide service to un-served or under-served areas of the state. When the commission receives a request from a customer (usually in concert with the customer's carrier) for a one-time distribution from the fund the PSC opens a Docket and sets a schedule to resolve the request.

Funding

The goal is to ensure that the program provides specific, predictable, and sufficient funds in addition to those provided under the federal universal service fund. In accordance with Section 54-8b-15 (10) (a) (ii) the PSC levies a surcharge on all intrastate telecommunications services provided by carriers in the state. PSC receives monthly reports which track the revenue and expenses of the fund and which provide the current balance of the fund. If the long run trend of the on-going fund balance begins to fall significantly, PSC increases the rate at which carrier payments into the fund are determined; if the trend is a growing balance, PSC lowers the rate.

Funding Detail

The funding mechanism for the Universal Public Telecommunications Service Support Fund (previously the Universal Service Trust Fund) account is a one percent surcharge on intra-state telecommunications retail revenue that has been effective since September 1, 2011.

Sources of Finance	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Licenses/Fees	\$10,989,400	\$9,800,000	\$0	\$9,800,000	\$1,200,000	\$11,000,000
Beginning Fund Balance	\$1,265,600	\$1,460,000	\$1,409,100	\$2,869,100	\$0	\$2,869,100
Ending Fund Balance	(\$2,869,100)	(\$1,460,000)	(\$1,409,100)	(\$2,869,100)	\$0	(\$2,869,100)
Total	\$9,385,900	\$9,800,000	\$0	\$9,800,000	\$1,200,000	\$11,000,000

Programs	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Universal Telecom Service Fund	\$9,385,900	\$9,800,000	\$0	\$9,800,000	\$1,200,000	\$11,000,000

Total	\$9,385,900	\$9,800,000	\$0	\$9,800,000	\$1,200,000	\$11,000,000
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Categories of Expenditure	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Other Charges/Pass Thru	\$9,385,900	\$9,800,000	\$0	\$9,800,000	\$1,200,000	\$11,000,000
Transfers	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$9,385,900	\$9,800,000	\$0	\$9,800,000	\$1,200,000	\$11,000,000

Other Indicators	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Change in Fund Balance	1,603,500	0	0	0	0	0

COBI contains unaudited data as presented to the Legislature by state agencies at the time of publication. For audited financial data see the State of Utah's Comprehensive Annual Financial Reports.